Ministry of Finance and Corporate Relations

Annual Report

April 1, 1987 to
March 31, 1988

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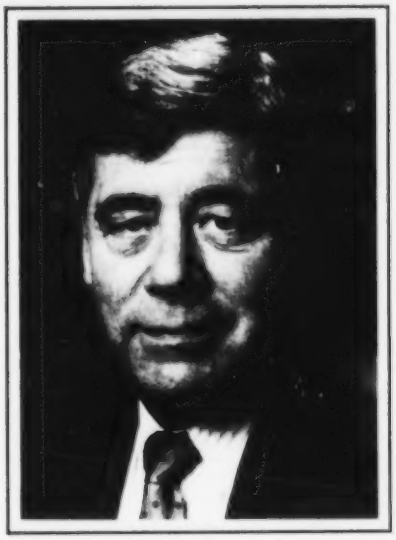
Honourable Mel Couvelier
Minister of Finance
and Corporate Relations



August 31, 1988

His Honour
The Honourable Robert Gordon Rogers
Lieutenant-Governor of the
Province of British Columbia

May It Please Your Honour:

I have the honour, sir, to submit the annual report of the Ministry of Finance and Corporate Relations for the period April 1, 1987 to March 31, 1988.

Yours sincerely,

Mel Couvelier
Minister

Frank Rhodes
Deputy Minister of Finance
and Corporate Relations

August 31, 1988

Honourable Mel Couvelier
Minister of Finance
and Corporate Relations

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I have the honour to submit the annual report
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Yours sincerely,

Frank Rhodes
Deputy Minister

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DEPUTY MINISTER'S MESSAGE

During 1987 the Ministry of Finance and Corporate Relations underwent futher restructuring, a result of ongoing reorganization initiatives of government.

This restructuring involved the realignment of existing responsibilities, transfer of programs to other government ministries and creation of new programs.

The position of Secretary to Treasury Board, once a responsibility of the Deputy Minister, has become a separate position. This administrative change has strengthened the existing relationship between Treasury Board and the Minister of Finance and Corporate Relations and satisfied a requirement of the *Financial Administration Act.*

Two programs were transferred to other ministries as a move to consolidate related programs within single ministries. The Liquor Distribution Branch became part of the Ministry of Labour and Consumer Services on July 31, 1987 and the Purchasing Commission was transferred to the Ministry of Economic Development on April 1, 1987.

In December 1987, as a result of priorities set by the Premier of British Columbia, a new Asian Pacific Rim Programs Branch was established. Its role includes coordinating a government-wide approach to developing British Columbia's economic and trade strategy in the Asia Pacific Region and improving public and private sector coordination on the international financial centre initiative for Vancouver.

Other ministry priorities—development of financial institutions legislation and development of Vancouver as an international financial centre—are underway. The international financial centre legislation received the approval of the Legislature in the spring, 1988, session. New financial institutions legislation is expected during the next session of the Legislature.

In September 1987, the Securities Commission was reorganized. A new compliance section was established to coordinate functions of the commission, the Corporate Investigations Branch of the ministry, the Vancouver Stock Exchange and other regulatory and enforcement bodies.

I wish to express my appreciation to all staff of the Ministry of Finance and Corporate Relations for the continuing support of ministry and government initiatives. Their consistent, high quality of work and dedication to coordinated achievement contribute in no small measure to the overall success of ministry programs.

Frank Rhodes
Deputy Minister

MISSION AND VALUES STATEMENT

It is the mission of the Ministry of Finance and Corporate Relations to ensure:

- public monies are collected, managed and disbursed in the public interest; and,
- the provincial marketplace is fairly and effectively governed, is free from unnecessary regulation and has the confidence of all who use it.

Context

In the Government of British Columbia, responsibility for financial administration is shared by individual ministers, Treasury Board and the Minister of Finance and Corporate Relations.

Section 6(3) of the *Financial Administration Act* states:

> "Each minister is responsible for the administration of the financial affairs of his ministry, under the general direction of the Minister of Finance and Corporate Relations and the Treasury Board."

Treasury Board is the executive management committee of Cabinet responsible for:

- the government's expenditure plan;
- the allocation of human and financial resources to government programs;
- personnel management; and,
- management practices of government.

The Minister of Finance and Corporate Relations is chairman of Treasury Board. The Assistant Deputy Minister, Treasury Board Staff, is its secretary. Other members are appointed by Cabinet. While Treasury Board has broad financial responsiblity, the *Financial Administration Act* and other statutes give the Minister of Finance and Corporate Relations specific responsibility for:

- preparing economic forecasts, developing tax and economic policy and the annual budget for the government;
- administering tax legislation and collecting and recording government revenue;
- acting as the government's fiscal agent with external financial institutions and as trustee for all public sector employer/ employee pension fund contributions;
- issuing cheques and managing the consolidated revenue fund and the public debt;
- regulating British Columbia trust companies, credit unions and insurance companies as well as the provincial securities and real estate markets;
- providing incorporation and registration services for companies, credit unions, cooperatives, societies and personal property encumbrances; and,
- providing strategic and administrative input on all policy and program matters pertaining to the Asian Pacific Rim region.

In pursuit of its mission, the Ministry of Finance and Corporate Relations adheres to the values outlined below.

TO PROVIDE A FIRST-RATE SERVICE TO ALL MINISTRY CLIENTS, BE THEY CITIZENS, TAXPAYERS, ELECTED REPRESENTATIVES, BUSINESS OFFICIALS OR PUBLIC SERVANTS.

At all times staff deal with ministry clients in a courteous, friendly and helpful manner.

TO BE FAIR AND HONEST WITH MINISTRY CLIENTS.

Staff provide consistent access to ministry programs and services and treat clients and fellow staff in an honest and forthright manner.

TO EMPHASIZE QUALITY IN ALL MINISTRY WORK.

It is expected that quality be consistently maintained and work completed in a timely manner. Innovation is encouraged.

TO MAINTAIN A COMMITMENT TO RESULTS IN BOTH ROUTINE OPERATIONS AND SPECIAL PROJECTS.

It is the ministry's belief that it is the output or final product that counts, with appropriate attention to sound process.

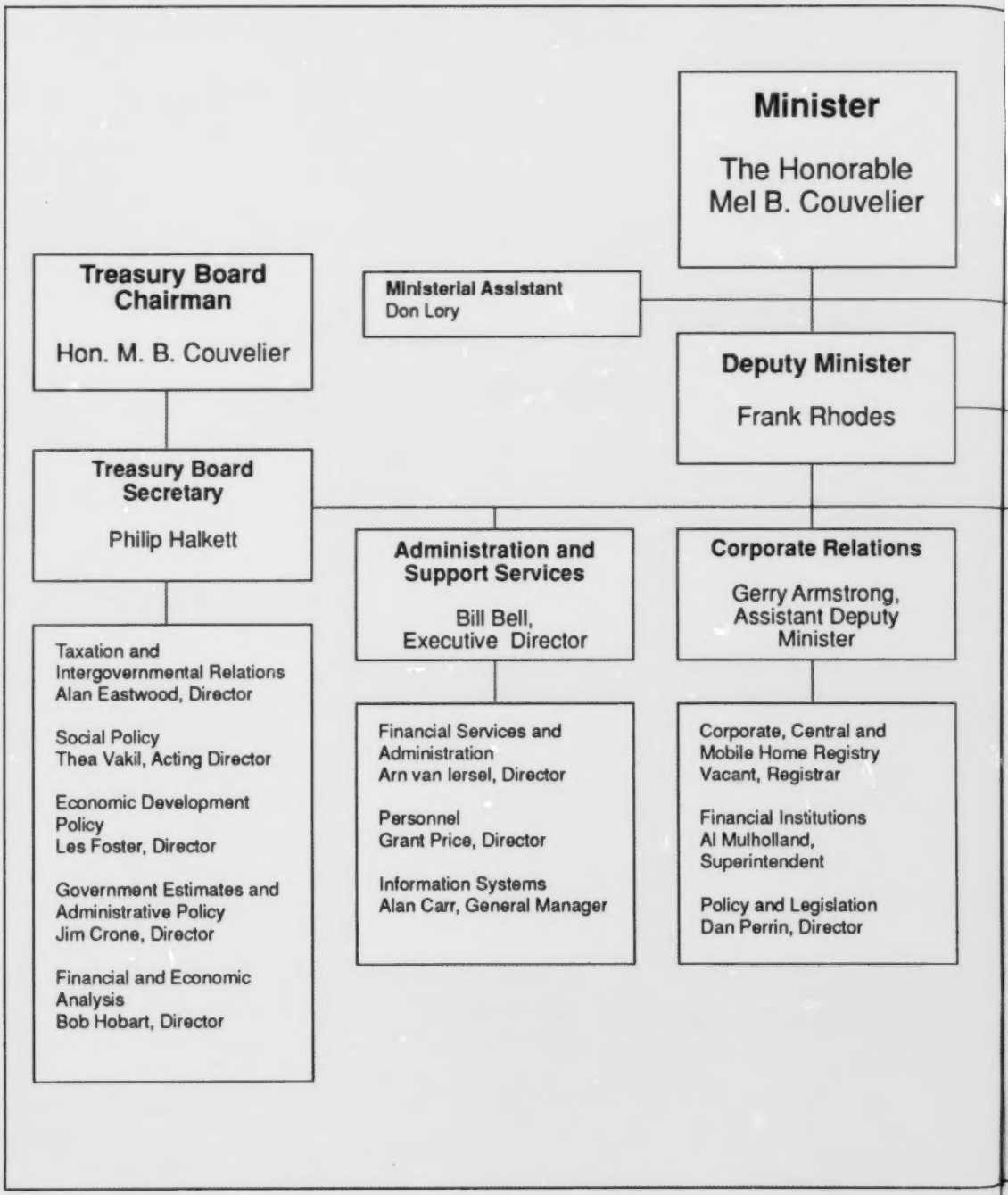
TO BE FRUGAL IN ALL MINISTRY OPERATIONS.

Given the ministry's mission and responsibility as a central agency of government, it seeks to achieve best value in the expenditure of resources.

TO ENCOURAGE STAFF PARTICIPATION IN MEETING THE CHALLENGES THAT FACE THE MINISTRY AND TO PROMOTE STAFF DEVELOPMENT.

It is recognized that the success of the ministry in attaining its objectives depends on the contribution of ministry staff. Managers have the responsibility to help staff develop on the job and to provide an environment that encourages staff to assist in achieving ministry objectives. Managers and staff have a mutual responsibility to ensure ministry objectives are achieved. Finance and Corporate Relations often acts as a staff training ground for other ministries.

MINISTRY ORGANIZATION


Minister
The Honorable
Mel B. Couvelier
Treasury Board
Chairman
Hon. M. B. Couvelier
Ministerial Assistant
Don Lory
Deputy Minister
Frank Rhodes
Treasury Board
Secretary
Philip Halkett
Administration and
Support Services
Bill Bell,
Executive Director
Corporate Relations
Gerry Armstrong,
Assistant Deputy
Minister
Taxation and
Intergovernmental Relations
Alan Eastwood, Director
Social Policy
Thea Vakil, Acting Director
Economic Development
Policy
Les Foster, Director
Government Estimates and
Administrative Policy
Jim Crone, Director
Financial and Economic
Analysis
Bob Hobart, Director
Financial Services and
Administration
Arn van Iersel, Director
Personnel
Grant Price, Director
Information Systems
Alan Carr, General Manager
Corporate, Central and
Mobile Home Registry
Vacant, Registrar
Financial Institutions
Al Mulholland,
Superintendent
Policy and Legislation
Dan Perrin, Director

Ministry of Finance and Corporate Relations

Securities Commission
Doug Hyndman, Chairman

B.C. Assessment Authority
John Taylor, Chairman

Asian Pacific Rim Programs
Doug Allen, Exec. Director

Communications
Cheryl Zurawski, Director

Office of the Comptroller General

Brian Marson, Comptroller General

- Deputy Comptroller General
  Alan Barnard
- Financial Disbursement Operations
  Angus Petrie, Director
- Accounting and Reporting
  Vic Skaarup, Director
- Government Payroll Office
  Tony Pickering, Director
- Internal Audit
  Gary Hepburn, Exec. Director
- Financial Management
  Cary Corbeil, Director
- Systems
  Al Horner, Director

Provincial Treasury

Michael Costello, Assistant Deputy Minister

- Investments
  Bill Vipond, Director
- Banking and Cash Management
  Doug Pearce, Director
- Central Borrowing and Planning
  Brenda Eaton, Director

Revenue Division

Lloyd Munro, Assistant Deputy Minister

- Income Taxation
  Alan Carver, Director
- Real Property Taxation
  David Sandell, Surveyor of Taxes
- Consumer Taxation
  Ed Turner, Exec. Director
- Revenue Administration
  Bill Moncur, Director

As at March 31, 1988

TREASURY BOARD STAFF

Treasury Board Staff analyzes and provides advice to Treasury Board[1] and to the Minister of Finance and Corporate Relations on economic, fiscal, taxation, budget expenditure and management matters.

The division is organized into five branches which report to the secretary to Treasury Board. Branches include: Government Estimates and Administrative Policy, Economic Development Policy, Social Policy, Financial and Economic Analysis and Taxation and Intergovernmental Relations.

Together these branches:

- develop the annual provincial budget and coordinate allocation of financial resources among ministries and special offices;
- make recommendations on provincial economic, fiscal and taxation policies;
- monitor and forecast provincial economic conditions and the government's financial position;
- recommend timely implementation of economic and fiscal policies;
- analyze and make recommendations on federal/provincial and provincial/local financial relations; and,
- advise on existing and proposed special office and ministry programs and on the management of government resources.

Government Estimates and Administrative Policy Branch

- develops management policies for government to promote economy, efficiency and effectiveness in administration and information systems management;
- coordinates preparation of budget briefing material for Cabinet and Treasury Board and prepares the provincial budget *Estimates* and *Supplement to the Estimates*; and,
- analyzes and evaluates budget, expenditure, policy, financial and program matters for ministries and Crown corporations which provide services within government.

Economic Development Policy Branch

- analyzes and evaluates budget, expenditure, policy, financial and program matters for ministries and Crown corporations with economic development mandates; and,
- analyzes economic development policy and program issues and provides briefing notes and policy recommendations to the Minister of Finance and Corporate Relations and Treasury Board.

1. A committee of Cabinet responsible for budget and management matters.

Social Policy Branch

- analyzes and evaluates budget, expenditure, policy, financial and program matters for ministries and agencies with social services mandates;
- develops budget instructions for capital projects and analyzes ministry requests for capital funding; and,
- analyzes social policy and program issues and provides briefing notes and policy recommendations to the Minister of Finance and Corporate Relations.

Financial and Economic Analysis Branch

- prepares provincial revenue estimates, fiscal forecasts and economic forecasts;
- analyzes the impact of events on the provincial economy;
- coordinates the analysis of issues related to privatization and regional ministers of state for the Minister of Finance and Corporate Relations and Treasury Board;
- monitors ministry revenue collection policies and activities and makes recommendations for improvement; and,
- prepares financial and economic reports and publications such as the quarterly financial report and the financial and economic review.

Taxation and Intergovernmental Relations Branch

- develops provincial taxation policy to meet goals of equity and consistency, to promote economic development and ensure adequacy of revenue;
- analyzes federal/provincial and provincial/local financial policies and relationships; and,
- reviews and analyzes federal tax policy changes and proposals to determine impacts on the provincial government and economy.

ACTIVITY MEASURES

ACTIVITY	1986/87[1]	1987/88	COMMENTS
Treasury Board submissions received and processed	535	449	In the last two reporting periods, Treasury Board Staff operated with approximately 61 full-time equivalents.

1. Covers period January 1, 1986 to March 31, 1987.

Contract Policy for Government

As a result of increasing contracting for services by government, the Auditor General concluded there was a need for a clear and more detailed direction from central agencies on contract administration.

In response to the need for more direction, and in an effort to consolidate existing policy, Treasury Board Staff in cooperation with other central agencies, ministry senior financial officers and certain private sector groups, developed a government-wide policy on contract management.

In June 1986, the service and construction management policy was approved by Treasury Board, providing a general framework for effective management of service and construction contracts in government.

Streamlined Treasury Board Approval and Reporting Requirements

The introduction of eight economic development regions during 1987/88, created a need for considerable decentralization of authority and decision-making. Treasury Board Staff initiated a review of all Treasury Board approval and reporting requirements to identify areas where regions and ministries could be given greater flexibility and autonomy.

As a result of this review, Treasury Board approved Directive 4/88 in December 1987. This directive amended existing approval requirements by increasing the expenditure thresholds requiring the approval of Treasury Board. For example, the approval limit for service contracts increased from $50,000 to $100,000.

By delegating greater responsibility to regions, ministries and central agencies, barriers to efficiency were reduced without significantly affecting financial control in government.

ADMINISTRATION AND SUPPORT SERVICES

Administration and Support Services Division is responsible for financial, administrative, technical, personnel and computer services for staff of the Ministry of Finance and Corporate Relations.

Financial Services and Administration Branch

- responsible for ministry financial administration and control, ministry records management, office space and ancillary services;
- assists in the development and maintenance of ministry forms and policy and procedure manuals;
- provides a work methods analysis and consulting service;
- coordinates preparation and presentation of the ministry budget including briefing documents for ministry executive and Treasury Board;
- develops and/or interprets budget policies and procedures;
- reviews and monitors ministry fees and licences;
- maintains ministry accounting system; and,
- manages the provincial Suggestion Awards Program for government employees.

Personnel Branch

- provides services in all areas of human resource management including: organizational analysis and planning; classification analysis and evaluation; recruitment and placement services; labour relations; safety, training and development; career management benefits; and, administrative services;
- develops and/or interprets personnel policies and procedures; and,
- initiates, develops and implements new required programs to improve human resource management at all levels in the ministry.

Information Systems Branch

- provides information management services to all divisions;
- provides central computer processing facilities, technical and product support services, overall data administration and other data resource management skills required across the ministry; and,
- defines, develops and establishes minimum standards for all automated activities within the ministry.

ACTIVITY MEASURES

ACTIVITY	1986/87[1]	1987/88	COMMENTS
Forms management			
• Forms handled (includes design, printing, inquiries, research, etc.)	850	508	One full-time equivalent was dedicated to forms design. The number of forms under management was 767 in 1987/88, up from 570.
- Design jobs	372	310	
- Forms printing requisitions	464	383	
Records management			
• Document disposal and records schedule applications raised	189	157	A portion of one full-time equivalent performed this function. Approximately 35,000 cubic feet of semi-active records are under management in off-site storage facilities.
• Boxes of semi-active records transferred to off-site storage	9,318	5,562	
Central services manual			For the last two reporting periods, one full-time equivalent has been dedicated to manuals.
• Amendments issued	15	12	
• Sections revised	98	66	
Ministry vouchers processed	31,181	26,145	In January 1987, the number of full-time equivalents was increased from 2.5 to 3.
Ministry payroll forms processed	10,853	9,318	Three full-time equivalents processed payroll forms from April 1987 to December 1987. An additional full-time equivalent was employed from January to March 1988.
Personnel placements	432	313	A government-wide staffing freeze during the period reduced activity over the previous reporting period.
Training hours			Training activity increased in computer skills, stress and time management and management skills. The "Being Interviewed" workshop was very successful—247 employees participated.
• Management	4,485	5,167	
• Technical/clerical	7,424	8,497	

1. Covers period from January 1, 1986 to March 31, 1987.

Ministry Financial and Administrative Systems Improved

Financial Services and Administration Branch undertook a number of projects to improve ministry financial and administrative systems in 1987/88. The most significant of these are described below.

Financial Accounting Management Information Systems (FAMIS)

During this reporting period, some of the ministry's accounting needs were computerized. The new systems—the Government Management Accounting and Control System and the Walker General Ledger Package—were installed on the mini-computer and provide:

- on-line data entry of expenditure commitments;
- inquiry and reporting capabilities by division; and,
- direct editing of financial data.

This computerization has improved the ministry's overall accounting procedures by providing more timely and precise financial reports.

Revenue Management System

Following review of an internal discussion paper, requirements for a revenue management system were developed. The system will:

- maintain a full inventory of more than 230 fees and licences administered by the ministry;
- enhance revenue controls and revenue reporting for fee and licence transactions; and,
- allow revenues to be matched to expenditures, forecast statistical reports and reconcile revenues to services provided.

The system is expected to be operational before the end of 1988.

Additional improvements to financial and administrative systems during the reporting period include:

- enhancements to the "Interactive Estimates System" which enabled electronic transfer of detailed budget information to the accounting system;
- establishment of systems to monitor telecommunication expenditures and occupancy charges;
- computerization of previously manual databases to support the Suggestion Awards Program and ministry records management; and,
- purchase of desktop publishing equipment for electronic forms design, preparation of camera-ready artwork, graphs and charts.

Suggestion Awards Program

Savings from employee suggestions increased by more than 200 per cent in 1987/88 making it the most successful year in the program's eight-year history.

Savings of almost $1.4 million were largely derived from two Ministry of Forests and Lands suggestions related to forest fire suppression.

The first, from Martin Hinnen, a stockman with Forests and Lands' Surrey warehouse, launched a program to convert custom-made fire nozzles and valves from aluminum to plastic. Conversion to cheaper, easier-to-produce nozzles and

valves ensures a ready supply in fire emergencies. Savings were calculated to be $335,000 in the first year with annual savings of $188,500 in years following.

Dawson Creek stockman Neil Dean, invented a prototype washer and dryer to wash, pressure test and dry multiple lengths of fire hose at one time. Potential savings were calculated at almost $750,000 annually once the fire hose washers and dryers are installed throughout the province.

Hinnen and Dean received the program's maximum $10,000 award.

Data Resource Management Plan

In the reporting year, some of the ministry's concerns about efficient and effective management of its data were addressed. This represented a comprehensive effort to define the boundaries of information processing within the ministry.

As a result of the study a data resource management plan combining all divisional responsibilities into one plan was initiated. The plan lays the foundation for more cost-effective information processes. This plan was developed by an independent consultant using a model of the ministry's many duties and associated information processes. Future work will expand upon this initial study.

Temporary Help Services

A pilot project was conducted within the ministry to establish contracts with temporary help service firms to provide referrals for short-term clerical assistance.

The objective was to assess their ability to provide efficient and less expensive alternatives to the traditional method of staffing these vacancies within government.

The trial period proved successful and the use of short-term clerical assistance from temporary help service firms is being reviewed for possible government-wide application.

Management Training Initiative

Following the ministry's 1985 employee survey, a training strategy was implemented to ensure ongoing training was provided to management and supervisory employees throughout the ministry.

A consulting firm was hired to develop and deliver five modules on various aspects of management: transition from technician to manager, supervisory skills, verbal skills, performance appraisals and problem solving and decision-making. These courses were all delivered during the reporting year.

The need to provide courses in writing skills and time and productivity management was also identified. Some of these were delivered in 1987/88, with the remainder to be provided next year.

CORPORATE RELATIONS

Corporate Relations is responsible for legislation governing financial and commercial activities.

The division advises the government on corporate and financial institutions policy and monitors and enforces compliance with legislation and regulations.

It regulates insurance and real estate markets, trust companies and credit unions, and provides incorporation and registration services to corporations, societies and cooperative associations.

The division aims to facilitate stable and orderly markets which maintain confidence and encourage financial sector development.

Corporate, Central and Mobile Home Registry

The Corporate, Central and Mobile Home Registry is composed of three registries.

CORPORATE REGISTRY

- creates and maintains complete corporate files on all British Columbia and extra-provincial companies, societies, cooperatives, trust companies, partnerships, library associations, private act companies, railroad and tramway companies; and,
- provides current information from all files to the public, law enforcement agencies, government ministries and agencies, the legal and accounting professions and financial institutions.

CENTRAL REGISTRY

- examines and registers all encumbrances against personal property filed pursuant to the *Chattel Mortgage Act*, *Sales of Goods on Condition Act*, *Book Accounts Assignment Act* and *Repairers Lien Act*; and,
- provides this information upon request, and on payment of a prescribed fee, to interested parties.

MOBILE HOME REGISTRY

- registers all mobile homes, transfers of ownership, security interests and discharges and authorizes issuance of transport permits under the *Mobile Home Act*; and,
- provides ownership, location and encumbrance information with respect to mobile homes upon request and payment of a prescribed fee.

Superintendent of Financial Institutions

The Superintendent of Financial Institutions is responsible for administering and enforcing British Columbia's legislation[1] governing financial institutions.

1. Legislation administered by the Superintendent of Financial Institutions includes;
   - Cooperative Association Act
   - Condominium Act
   - Credit Union Act
   - Insurance Act
   - Insurance (Captive Company) Act
   - Insurance (Marine) Act
   - Mortgage Brokers Act
   - Real Estate Act
   - Trust Company Act

The superintendent's staff:

- inspect credit unions, trust companies, insurance agencies, real estate and mortgage brokers;
- develop and maintain an early warning system to identify trends or potential problems among all regulated financial institutions;
- administer a preventive detection and enforcement program;
- incorporate credit unions, trust companies, insurance companies, captive insurance companies and cooperatives;
- license insurers and insurance agencies, real estate and mortgage brokers;
- develop capital requirements and standards for financial institutions;
- vet and approve new products offered by financial institutions; and,
- vet and analyze financial statements and reports for irregularities and financial and administrative prudence.

Policy and Legislation Branch

This branch:

- provides advice and recommendations regarding all aspects of corporate and financial institutions policy and all aspects of financial markets;
- implements policy decisions, including drafting legislation and regulations and coordinating with other branches to develop administrative policies; and,
- liaises with the British Columbia Securities Commission on the development and implementation of securities policy, especially as it affects other financial institutions.

ACTIVITY MEASURES

ACTIVITY	1986/87[1]	1987/88	COMMENTS
Trust Companies			
• Trust companies registered in British Columbia	63	69	Restructuring of the office of the superintendent of financial institutions will result in an increase in inspections.
• Number of branch inspections	45	30	
Insurance			
• British Columbia insurers[2]	10	11	
• All other licensed insurers	367	345	Decreases in part attributable to decisions not to renew company or individual licences because of reduced activity in British Columbia. All outstanding claims in these cases have been paid.
• Insurance agencies	1,127	1,064	
• Insurance salespersons	8,428	8,278	
• Insurance adjusters	428	419	
• Number of inspections of British Columia insurers	3	9	
Real Estate			
• Real estate salespersons	8,600	9,188	A steady increase in the numbers of licensees is forecast.
• Real estate agents	2,533	2,456	
• Mortgage brokers	136	140	
• Sub-mortgage brokers	322	288	
• Strata plans	581	638	
• Prospectus and plans	151	202	
Corporate Investigations			
• Files investigated	3,732	1,396	
• Prosecutions	19	11	
• Orders and search	77	36	

1. Covers period January 1, 1986 to March 31, 1987.

2. Includes four property and casualty insurance companies, one life insurance company, three mutual insurance companies and three societies incorporated for insurance purposes.

ACTIVITY	1986/87[1]	1987/88	COMMENTS
Credit Unions			
• Number of credit unions	125	122	
• Total assets	$6.7 billion	$7.4 billion	
• Member's deposits	$6.4 billion	$6.8 billion	
• Equity shares and retained earnings	$100 million	$140 million	
• Number of members	977,135	989,936	
• Number of credit unions under supervision	27	22	
• Total assets under supervision	$1,934 million	$1,993 million	
• Fee income			
- Credit union inspections	$655,578	$697,534	
- Filing and miscellaneous	$17,637	$21,606	Annual fees.
• Credit union examinations	152	138	

ACTIVITY	NUMBER OF COOPERATIVES 1986/87[1]	NUMBER OF INCORPORATIONS 1986/87[1]	NUMBER OF DISSOLUTIONS 1987/88	NUMBER OF COOPERATIVES 1987/88	COMMENTS
Cooperatives					
• Housing	265	15	25	255	
• Consumer	109	1	18	92	
• Producer	66	0	5	61	
• Service	51	1	2	50	
• Workers	28	1	0	29	
• Other	15	2	3	14	
• Community	15	0	0	15	
• Manufacturing	7	0	0	7	
• Extra-Provincial	17	1	0	18	
Total	**573**	**21**	**53**	**541**	

1. Covers period January 1, 1986 to March 31, 1987.

ACTIVITY	1986/87[1]	1987/88	COMMENTS
Corporate Registry			
• B.C. companies	21,675	18,648	During the reporting period a total of 144 full-time equivalents performed the functions of the three registries; staffing levels were decreased by 6.8 full-time equivalents.
• Extraprovincial companies	1,732	1,657	
• Trust companies	5	3	
• Partnerships	11,142	9,222	
• Cooperatives	52	21	
• Societies	1,420	1,202	
• Change of names			
- Companies	5,553	5,300	
- Societies	137	129	
• Amalgamations	422	360	
• Continuation-36 (into BC)	142	100	
• Continuation-37 (out of BC)	179	164	
• Roll-overs	435	357	
• Dissolutions			
- Companies	17,583	12,887	
- Societies	2,936	756	
- Partnerships	752	655	
• Restorations			
- Companies	865	712	
• Encumbrances	94,582	81,843	
• Filings	328,852	264,714	
• Miscellaneous			
- Certificates of good standing	6,497	5,973	
- Certified copies	30,641	58,704	
- Change of purpose (Societies)	239	237	
• Searches			
- Companies	414,212	333,113	
- Central	423,502	343,121	
Central Registry			
• Documents registered under the Chattel Mortgage Act, Sale of Goods on Condition Act, Book Accounts Assignment Act.	541,642	494,410	
Mobile Home Registry			
• Transfer of ownership	9,178	10,107	
• Searches	18,344	19,253	
• Copies of documents	7,929	17,846	

1. Covers period from January 1, 1986 to March 31, 1987.

Reorganization of Office of the Superintendent of Financial Institutions

With the proliferation of financial products and services, the distinction among credit unions, trust companies and insurance companies has become blurred.

Recognizing this change in the financial market the Superintendent of Financial Institutions restructured his office in February, 1988.

The Superintendent's office is now composed of a director of inspections and compliance, a director of risk assessment and standards and a manager of administration.

Credit Union Discussion Paper

"Credit Union Amendment Act: A discussion paper" was released to the public on July 30, 1987.

The discussion paper provided an opportunity for public discussion and comment on a number of proposals for modernizing credit union legislation and promoting the financial health of the credit union movement.

The paper outlined the following objectives for the *Credit Union Amendment Act:*

- to enhance depositor confidence in credit unions;
- to ensure government's relationship with the credit union system provides regulation, stabilization, liquidity and deposit insurance to credit unions in an efficient manner;
- to facilitate improvement of the capital base of credit unions;
- to accommodate increased credit union involvement in economic development;
- to ensure adequate liquidity reserves are available for the system;
- to assist credit unions in further refining corporate governance;
- to maintain credit union solvency and avoid losses or failure; and,
- to enable the British Columbia credit union system to compete effectively with other financial institutions.

Release of the discussion paper was followed by extensive consultation with the credit union movement and other interested members of the public.

The Minister of Finance and Corporate Relations announced in his March 24, 1988 budget speech the government's intention to introduce consolidated financial institutions legislation for trust companies, insurance companies and credit unions. The legislative initiatives arising out of feedback on the discussion paper will be included in this new statute.

International Financial Centre (IFC)

In July 1987 two bills aimed at encouraging the development of Vancouver as an IFC were introduced in the Legislature.

The *International Financial Business (Tax Refund) Act* and the *International Financial Business Act (IFB Act)* stimulated public discussion and demonstrated the provincial government's commitment to the IFC initiative.

(The bills were amended as the result of feedback received and were reintroduced in the next reporting year.)

The bills ensure companies conducting international financial business in Vancouver operate within a tax and regulatory framework that is competitive with other jurisdictions.

Under the *Tax Refund Act*, eligible financial institutions undertaking international financial activities from Vancouver with non-residents will be given a 100 per cent refund of provincial corporate income tax paid on profits earned from these activities.

In addition, specialists who are brought to Canada to work on international financial activities will be given a full refund of provincial personal income tax. All full-time employees engaged exclusively in international financial activities will be given a refund of a portion of provincial personal income tax.

The *IFB Act* establishes the regulatory framework for corporations which exclusively conduct international financial business from Vancouver. The Act allows new, wholly-owned subsidiaries of financial institutions to apply for a licence to carry on international financial business in Vancouver.

The *IFB Act* should help reduce compliance costs that international financial businesses operating in Vancouver would otherwise face. At the same time, however, the Act provides a degree of regulation to protect the investments of participants and clients alike.

Captive Insurance Companies

In July 1987 the *Insurance (Captive) Company Act* was brought into force, thereby establishing British Columbia as the first Canadian domicile for captive insurance companies. Previously, if a Canadian company wished to be self-insured through its own captive insurance company, it would have to establish the captive offshore.

The *Insurance (Captive) Company Act* provides for three types of captives:

- pure captive—owned by and insuring a single parent or group of related companies;
- association captive—owned by and insuring the members of an association, usually an industry or trade association; and,
- sophisticated insured captive—owned by and insuring a group of companies.

In order to ensure British Columbia captives meet certain standards, an advisory committee consisting of 12 industry executives and professionals has been established to assist the office of the Superintendent of Financial Institutions.

Five captive insurance companies were incorporated under the new legislation during the reporting year.

OFFICE OF THE COMPTROLLER GENERAL

The Comptroller General is the province's chief accounting officer with broad statutory authority for maintaining the government's accounting system and the quality and integrity of financial management and control systems in government.

The Office of the Comptroller General assists Treasury Board in fulfilling its responsibilities under the *Financial Administration Act*. Under this Act, the Comptroller General is responsible for:

- all matters relating to accounting and financial administration policies and practices;
- government payroll and payments systems;
- ensuring the proper collection and expenditure of public money;
- reporting, accounting and control systems of government;
- maintenance of central accounts;
- preparation of financial statements and public accounts; and,
- evaluation of accounting and financial management systems throughout the government.

Financial Disbursement Operations Branch

- verifies and processes payment vouchers submitted by ministries and produces most government cheques;
- audits cheque requisitions to ensure compliance to financial policies and procedures;
- controls all transactions entered into the government's central financial system; and,
- provides "one-stop" service to ministries and suppliers regarding the status of payments to or from the government.

Government Payroll Office

- produces bi-weekly payroll for MLAs, ministers and government employees and provides related salary management and staff data.

Accounting and Reporting Branch

- controls and maintains the system of central accounts of government, records financial data in the system and issues financial reports to ministries;
- ensures accurate and timely reconciliation of certain major bank accounts of the province;
- operates a trust accounting system for custodial deposits and official administrators;
- coordinates accounts receivable management;
- prepares financial reports required by statute including the Public Accounts of British Columbia, the Interim Financial

Statement of the Comptroller General and a schedule of special warrants approved by Cabinet;

- prepares monthly financial reports for management;
- prepares annual Supply Acts for introduction by the Minister of Finance and Corporate Relations in the Legislative Assembly; and,
- advises ministries on accounting policy.

Financial Management Branch

- develops government financial management and control policies;
- makes recommendations on financial legislation, related regulations and financial provisions of operating legislation;
- ensures integrity of government financial systems by establishing effective control standards and reviewing financial systems for compliance with Treasury Board policy;
- assists ministries in implementing Treasury Board financial management policies and procedures; and,
- develops and delivers financial management training for government personnel and assists ministries in providing training in areas specific to their needs.

Systems Support Branch

- provides maintenance support, development, security and integration of the government's central financial data processing systems.

Internal Audit Branch

- provides Treasury Board and deputy ministers with audits of internal controls, policies and practices and appraisals of impact on ministry operations;
- audits claims made by the province under federal-provincial cost-sharing agreements using either branch staff or private sector firms;
- conducts special investigations and audits in cases of suspected fraud, waste, error, irregularity or impropriety throughout government; and,
- administers process of appointment of external auditors of designated public bodies.

ACTIVITY MEASURES

ACTIVITY	1986/87[1]	1987/88	COMMENTS
Production cost per government payroll cheque	$0.34	$0.24	Improvements to the payroll system and a reduction in British Columbia Systems Corporation rates helped lower production costs.
Payroll vouchers processed for government	862,000	641,000	The difference in the number of vouchers processed reflects the change from a 15 to a 12-month reporting period, as well as the resolution of employee contracts which had increased in 1986/87. The number of full-time equivalents performing these activities was 20, a slight decrease from last reporting period.
Payment vouchers processed for government	955,400	740,000	The number of full-time staff declined from 36.5 to 34.
Number of cheques produced for government	4.0 million	3.7 million	The decrease in vouchers processed and cheques produced reflects the change from a 15 to a 12-month reporting period. The number of vouchers processed has remained close to the normal annual volume.
Training days delivered	3,231	2,986	Training days were reduced due to postponement of the Government Materiel and Contract Management course. It was redesigned and split into two courses in response to increasing demand for contract management training.
Direct internal audit hours Percentage of total hours	34,046 67 per cent	28,887 66 per cent	The level of productivity has remained relatively unchanged. The number of full-time equivalents was reduced by 3 to 23.
Trust account balance Number of trust accounts	$94 million 17,200	$96 million 16,196	Over 1,000 nil balance accounts were closed.
Control of revenue received through government agents and courts	$312 million	$317 million	The number of full-time equivalents performing this activity dropped from 3.8 to 2.8.

1. Covers period January 1, 1986 to March 31, 1987.

Public Body Auditors

Recent amendments to the *Financial Administration Act* require designated public bodies, including colleges and certain Crown corporations to conduct a competitive tendering process and apply specific criteria to assess the qualifications of competing audit firms.

Upon completion of this process, the public body recommends an audit firm be approved for appointment by the Minister of Finance and Corporate Relations.

The Internal Audit Branch administered the appointment of auditors of 28 public bodies encompassing 17 different audit firms. Audit fees over the three-year term of appointment totalled in excess of $1.5 million.

Included in the appointments were three public bodies not subject to section 6.1 of the *Financial Administration Act*, which voluntarily complied with the guidelines.

Public Accounts and Reporting

The Accounting and Reporting Branch of the Office of the Comptroller General has continued to make progress in improving the readability, timeliness and usefulness of the Public Accounts.

The Public Accounts are three volumes of audited financial statements of the province plus various schedules produced in accordance with government accounting policies as established by Treasury Board.

In 1986/87, the format of Volume 1 was revised to move all unaudited detail schedules to a single section at the end of that volume thereby avoiding any confusion in the content of the audited statements.

Further development in the content and format of the Public Accounts Digest improved its usefulness to the public. The digest is distributed across government, to other governments, to institutions and to the public, and serves as an important link in the chain of accountability and communication between the government and British Columbians.

The Public Accounts were tabled in the Legislature in December instead of March of the next year as has been the practice in the past. Reporting actual performance as soon as possible after the end of the fiscal year has served to increase the province's accountability to the public.

Unclaimed Infant Trust Funds

This project was developed in May 1987 to address the significant amount of unclaimed trust accounts held in court for British Columbia infants. At the start of the project there were 332 accounts representing $1.7 million of unclaimed infant trust funds.

The accounts represent funds placed in court trust accounts on behalf of infants (0 - 19 years of age) who were beneficiaries of estate funds or personal injury awards.

Client addresses were located using city telephone directories, the driver licence data base and the voter's list. In addition, Vital Statistics Division of the Ministry of Health was asked to search its marriage, birth and death data base to assist with the location of clients.

As of August 1987, 166 infants' accounts, representing 52 per cent of the total had been contacted. In many cases clients were unaware they had trust funds.

Recommendations have been made which will allow easier location of clients and more public awareness of the process of claiming funds.

Proclamation of the *Financial Information Act*

A new *Financial Information Act* was proclaimed May 8, 1987. A significant step towards more open government was achieved as legislation now requires government corporations and other public bodies to disclose financial information about their assets, liabilities, operating statements, debts, employee remuneration, amounts paid to suppliers and guarantees and indemnities.

The new Act extended reporting requirements to new organizations, improved public access and required financial information be presented in a standardized format. The Act also raised the reporting limit for expenses, thereby reducing the cost of compliance without compromising the quality of information.

PROVINCIAL TREASURY

Provincial Treasury manages the province's major financial assets and liabilities and is responsible for non-budgetary financial activities, including management of pension and trust funds.

The division undertakes debt financing to meet the capital requirements of the province, its Crown corporations and agencies.

It also manages the province's cash flows and negotiates its bank services, maintains required records, registers securities issued by the Crown and provides safekeeping for securities on deposit.

Provincial Treasury clients include the province, its Crown corporations and the pension funds of provincial, municipal and educational employees.

Central Borrowing and Planning Branch

- recommends and implements the borrowing strategy for the provincial government and its corporations;
- manages the debt of the province and its corporations;
- advises the Minister of Finance and Corporate Relations who, in his capacity as fiscal agent for Crown corporations, is responsible for all external financing activities;
- coordinates, negotiates and completes public and private financings in Canada and abroad;
- operates the province's United States and Canadian short-term borrowing program;
- makes representations on the province's behalf to United States and Canadian bond rating agencies;
- represents the province in international financial markets;
- provides a payment and transfer service for debt managed directly by the province and contract management services for debt managed by external parties;
- collects and deposits interest on trusteed funds and provides settlement and safekeeping services for trusteed fund investments;
- provides safekeeping service for securities posted for provincial licensing, contract and other purposes; and,
- records and reports government and Crown corporation debt.

Investments Branch

- recommends investment strategies for the province;
- provides continuous financial market intelligence and research;
- executes investment transactions;
- invests and trades in money and bond markets on behalf of the province;
- conducts credit risk analysis of financial institutions as required;
- executes foreign exchange transactions on behalf of the province and its Crown corporations; and,

- operates the province's market maintenance program to ensure British Columbia bonds trade at prices in the best interest of the province.

Banking and Cash Management Branch

- forecasts, monitors and controls the province's cash flow and bank accounts;
- distributes all government payments;
- administers the certificate of approval capital borrowing program which uses the borrowing power of the province to obtain interim financing for capital projects undertaken by local government bodies;
- negotiates the province's banking services contracts and assists in tendering banking services contracts for Crown corporations;
- reconciles certain major provincial bank accounts and produces financial statements as required;
- records all revenue deposited to the Consolidated Revenue Fund and records cashed cheques for the majority of government expenditure programs;
- performs accounting and reporting functions for investment and borrowing transactions;
- prepares annual financial statements for the pooled investment portfolios; and,
- handles all administrative and personnel matters for the division.

ACTIVITY MEASURES

ACTIVITY	1986/87[1]	1987/88	COMMENTS
Funds under investment management	$14 billion	$16 billion	The number of full-time equivalents performing these activities increased from 63.5 to 65.5 during the reporting period.
Foreign exchange transactions	$1.7 billion	$1.6 billion	
Borrowing program	$2 billion	$1 billion	
Debt under management	$17 billion	$17 billion	
Cash flow under management[2]	$255 billion	$215 billion	
Electronic funds transfer[3]			
• Number of transactions	$1.6 million	$1.7 million	
• Value of transactions	$6.1 billion	$6.7 billion	

1. Covers period January 1, 1986 to March 31, 1987.
2. Cash flow under management includes investment and other financing transactions involving the Consolidated Revenue Fund, inter-account transfers and all provincial government revenues and expenditures.
3. Electronic funds transfer includes those to and from schools, colleges, universities, hospitals, municipalities, day care centres and various other government or government-related agencies, as well as that portion of the government payroll made by direct deposit. One full-time equivalent administered electronic funds transfers.

Electronic Settlement Services

Following a lengthy testing and review process, Provincial Treasury implemented an electronic settlement instruction system with the Canadian Imperial Bank of Commerce. The system is used to provide instructions to the bank to settle the purchase and sale of long and short-term investments. This advanced system has reduced bank service charges to the province by over $200,000.

Liability Management System

During the reporting year, an automated liability management system was developed and implemented to manage internally-held debt issues (bonds issued by Crown corporations or other public bodies and managed by Provincial Treasury). The system replaces a manual operation and brings the benefits of automation to a key area of Provincial Treasury. Further enhancements to this system such as electronic collection of debt service payments from corporations will increase operating efficiencies and improve information available for cash flow forecasting.

Debt Management

The province contracts with a trust company to provide services across Canada to investors in British Columbia bonds issued in the Canadian public market. Services provided include: re-registration of bonds; issuance of interest cheques; explanation of the terms and conditions governing each issue; and, issuance of tax information notices.

The retender of the contract in 1987 resulted in a 15 per cent annual cost reduction to the province while maintaining the high level of service to the public.

Banking Strategy

The province believes financial institutions which demonstrate a commitment to British Columbia by expanding operations, helping provincial industries and assisting in the development of Vancouver's financial sector should be able to include this commitment as a "value-added" component when bidding on contracts for provincial banking services.

Although direct cost to the province and efficiency of service are still prime considerations when awarding banking contracts, the province's banking strategy now includes this "value-added" component.

Risk Management—British Columbia Hydro and Power Authority

Provincial Treasury, in cooperation with B.C. Hydro and Power Authority (B.C. Hydro) undertook a study to assess the corporation's financial risk associated with fluctuations in interest and exchange rates. The study proposed ways the corporation could protect itself against large and unexpected changes in these rates. Two major actions were taken as a result.

B.C. Hydro now maintains a short-term debt portfolio which parallels its interest-sensitive revenues. By matching these

revenues to floating rate debt, the corporation will protect itself against financial risks of volatile interest rate

The province also reshaped the propor ion of B.C. Hydro's debt denominated in U ited States dollars to more accurately refle t its expected U.S. dollar income. This reshaping has provided a natural hed e against depreciation of the Canadian ollar relative to the U.S. currency.

REVENUE DIVISION

The Revenue Division administers the province's major tax legislation and ensures provisions of this legislation are fairly and consistently applied.

Income Taxation Branch

- administers the *Income Tax Act, Corporation Capital Tax Act, Logging Tax Act, Mining Tax Act, Insurance Premium Tax Act,* Part IV of the *Fire Services Act* and the *Property Purchase Tax Act*; and,
- assists Revenue Canada as required under the *Income Tax Act* (Canada)[1].

Consumer Taxation Branch

- administers the *Social Service Tax Act, Hotel Room Tax Act, Tobacco Tax Act, Motor Fuel Tax Act* and *Horse Racing Tax Act* through 15 district offices located in Victoria, Penticton, Vancouver, Kamloops, Williams Lake, Cranbrook, Prince George, Kelowna, Dawson Creek, Terrace, Nanaimo, Nelson, Campbell River, Vernon and Chilliwack; and,
- registers businesses which collect taxes on behalf of the province;
- conducts field audits and inspections of these businesses' tax collection records;
- carries out office audit and collection programs; and,
- provides public information on the legislation administered by the branch.

Revenue Administration Branch

- provides tax administration, accounting and collection services for the division; and,
- provides the division with office support systems and services.

Real Property Taxation Branch

- administers annual and supplementary tax billings;
- applies special levies and prepares federal government and Crown corporation grants-in-lieu of tax rolls on taxable real property lying outside incorporated municipalities under the *Taxation (Rural Area) Act*;
- levies taxes on over 300,000 rural properties under 19 statutes including the *Education (Interim) Finance Act* and the *Municipal Act*;
- conducts tax billing and compliance audit processes on municipalities remitting non-residential school taxes;
- administers approval of home owner grant[2] applications in rural areas;

1. Under a tax collection agreement, the federal government collects personal and corporate income taxes on behalf of the Government of British Columbia.

2. The home owner grant program provides taxpayers, who own residential property and who occupy it as their principal residence, with a maximum annual grant of $380. In certain cases, (for example, age or permanent physical disability) a taxpayer may also qualify for an additional home owner grant of up to $250.

- manages the land tax deferment program for applicants throughout the province;
- collects delinquent taxes due and payable under taxation statutes; and,
- provides tax advice on the property tax levy, business rules and payment procedures, home owner grant eligibility, compliance rules, accounts receivable status and tax deferment procedures.

ACTIVITY MEASURES

ACTIVITY	1985	1986/87[1]	1987/88
Taxes paid		($ millions)	
Consumer tax	2,094	2,752	2,194
Income tax[4]	125	169	292
Real property tax[3]	273	266	279
Municipal non-residential school tax	453	385	315
Total	2,945	3,572	3,080
Tax returns and payments[2]			
Number received and processed	1,181,000	1,294,000	1,127,000
Collection activities			
Payments collected			
• Value	$36.7 million	$49.1 million	$41.3 million
• Number	35,612	41,651	32,290
Accounts under collection (average)			
• Value	$56.9 million	$59.9 million	$45.8 million
• Number	12,003	10,380	7,909

1. Covers period January 1, 1986 to March 31, 1987.
2. The number of full-time equivalents managing and handling returns and collections as at March 31, 1988 was 76.
3. Net of home owner grants.
4. The substantial increase is mainly attributable to the introduction of the property purchase tax.

RURAL PROPERTY TAXATION INFORMATION

YEAR	NUMBER OF RURAL TAX ACCOUNTS	TOTAL PROPERTY TAXES LEVIED	TOTAL SCHOOL TAXES LEVIED	LOCAL GOVERNMENT TAXES LEVIED	OTHER TAXES LEVIED
			($ millions)		
1981	285,000	29.2	197.3	38.9	2.5
1982	294,000	36.1	230.4	47.1	2.7
1983	301,000	32.6	231.8	50.8	2.7
1984	304,000	34.0	227.1	54.9	2.9
1985	306,750	38.1	215.2	57.2	3.0
1986/87[1]	320,840	36.7	207.1	62.4	4.4
1987/88	301,897[3]	35.9	199.1	66.1	3.3

Note: The number of full-time equivalents (including temporary staff) dedicated to managing accounts and collecting taxes was 25.3 at March 31, 1988. Local government taxes include those for improvement districts, regional districts, hospital districts, library district and similar levies.

HOME OWNER GRANTS IN RURAL AREAS

YEAR	APPLICATIONS	TOTAL GRANTS APPROVED
1981	85,590	$33,900,000
1982	85,956	$34,493,000
1983	84,967	$36,261,000
1984	111,335	$37,248,000
1985	113,000	$37,500,000
1986/87[1]	120,326	$38,765,000
1987/88[2]	101,004	$34,179,000

The land tax deferment program is administered under the *Land Tax Deferment Act (1974)*. The program allows eligible taxpayers (65 years old or over, a widow or a widower, or a handicapped person as defined in the *Guaranteed Available Income for Need Act*) in both rural and municipal areas to defer payment of property taxes. For the 12-month period ending March 31, 1988, $3,130,000 in property taxes were deferred. At the end of the year there were 2,700 agreements in effect with accounts receivable of $17,900,000. Costs are recovered from simple interest charges applied to deferred property taxes when deferral agreements are paid out.

1. Covers period from January 1, 1986 to March 31, 1987.
2. An increase in the minimum tax payment requirement resulted in fewer home owner grant applications in 1987.
3. The drop in rural tax accounts is due to a number of rural areas incorporating into municipalities.

ACTIVITY	1986/87[1]	1987/88	COMMENTS
Consumer Taxation			
Number of registered accounts			The number of Consumer Taxation Branch full-time equivalents decreased from 170 to 169.
• Social Service Tax Act	72,045	72,810	
• Hotel Room Tax Act	2,031	1,993	
• Tobacco Tax Act	73	63	
• Motor Fuel Tax Act	2,604	2,704	
Number of audits conducted	3,340	3,135	
Total audit recovery	$23,055,454	$22,125,435	
Income Taxation			The number of Income Taxation Branch full-time equivalents increased from 16 to 19, due to the introduction of the property purchase tax.
Number of audits conducted	6,433	2,737[2]	
Total audit recovery	$7,440,000	$3,662,096	

1. Covers period January 1, 1986 to March 31, 1987.
2. These figures reflect a phasing down of the corporation capital tax program.

Changes in the Application of Provincial Tax on Transfers of Business Assets

The Consumer Taxation Branch undertook an extensive review of the *Social Service Tax Act*, Regulation 3.14. This regulation exempts transfers of business assets between related entities from tax where specific conditions are met. The regulation had not been substantially amended since it came into effect in 1949.

The regulation was subsequently amended, effective April 15, 1988 to incorporate current administrative procedures and to allow greater flexibility in these types of transactions. The branch produced a detailed bulletin outlining the amendments and the application of the tax to transfers of assets.

These amendments met a commitment made by the ministry to review the regulation and bring it into line with current business practices.

Federal Sales Tax Recovery Project

In 1986/87, the Consumer Taxation Branch undertook a study to determine whether the province was overpaying federal sales tax on its purchases. The project was contracted to private accounting firms and monitored by the branch. Initial results indicated there would be savings to government through recovery of overpaid federal sales tax.

The project was expanded during the reporting year to include the Ministries of Attorney General, Environment and Parks, Social Services and Housing and Agriculture and Fisheries.

This program resulted in refunds of federal sales tax totalling $690,000 at a cost of $77,750. The percentage of cost to recovery was 11 per cent. In addition, exemptions were established which will benefit the province in future years.

Property Purchase Tax

Introduction of a new *Property Purchase Tax Act* for British Columbia took effect March 23, 1987.

Tax is imposed on the sale or transfer of land and the structures on it at a rate of one per cent of the first $200,000 of fair market value and two per cent of the balance. Tax is payable at the time of application for registration of the transfer at a Land Title Office.

The new Act is administered by the Income Taxation Branch in cooperation with Land Title Offices throughout British Columbia. Sales and property information submitted on property purchase tax returns is passed to the British Columbia Assessment Authority for property assessment purposes.

For the fiscal year ended March 31, 1988, approximately 160,000 property purchase tax returns were submitted, generating tax revenue of $140 million.

ASIAN PACIFIC RIM PROGRAMS BRANCH

The Asian Pacific Rim Programs Branch is responsible for providing information to the government on policy and program matters pertaining to the Asian Pacific region.

The branch will:

- assist in the development of the government's long-term strategy for the Asian Pacific Rim region;
- advise the Minister of Finance and Corporate Relations and officials in government on key issues in Asia;
- maintain a data and knowledge base on selected jurisdictions in Asia;
- develop an executive exchange program between selected British Columbia companies and firms in key Asian jurisdictions to strengthen each other's understanding of business practices; and,
- enhance the network of activity across government and between public and private sectors in the province.

The branch also coordinates selected activities within the ministry on the international financial centre initiative. Its function is to:

- coordinate activity within the ministry, across government and between government and members of Vancouver's business community;
- serve on the International Trade and Finance Task Force of the federal/ provincial Asia/Pacific Initiative which is making specific recommendations on ways to enhance Vancouver as an international trade and financial centre;
- establish the strategic focus to attract financial firms to Vancouver's International Financial Centre; and,
- inform financial institutions, particularly those based in Asia, of the benefits to their companies of establishing a presence or increasing activity in Vancouver.

The branch has planning and coordinating responsibility for major conferences related specifically to the Asian Pacific Rim region. In the next reporting period the branch will:

- plan and coordinate the 1988 Williamsburg Conference in Victoria and the 1989 International Finance Conference in Vancouver.

Establishment of the Branch

The Asian Pacific Rim Programs Branch was established in December 1987 to recognize the growing world-wide importance of the Asian Pacific Rim region. The Ministry of Finance and Corporate Relations is responsible for expanding the province's links with the region—particularly through the financial sector. The branch is an important link in policy and program formulation and implementation across government.

The branch is headed by an executive director and reports to the deputy minister of Finance and Corporate Relations.

The branch plays an extensive advisory and coordinating role inside and outside government on a wide variety of issues pertaining to the Asian Pacific Rim region. For example, the initiative to develop Vancouver as an International Financial Centre is multi-faceted and involves a wide range of public and private sector participants. The branch plays a key role in directing and coordinating the activities of this initiative as they relate to the Asian Pacific Rim region.

Conferences

The 17th annual Williamsburg Conference will be held in Victoria at Dunsmuir Lodge from November 18 to November 21, 1988. The conference offers a forum for some 40 senior Pacific Rim policy-makers to consider emerging issues relevant to the Asian Pacific Rim region.

This will be the first time the conference has been held in Canada, a fact which reflects the growing Canadian interest and activity in the Asian Pacific Rim region. The conference will be hosted locally by the Government of British Columbia, the University of Victoria and the Asia Pacific Foundation of Canada. The Asian Pacific Rim Programs Branch is planning and coordinating the conference.

Vancouver will be the site of a major international finance conference in 1989. The conference will be jointly hosted by British Columbia and the Conference Board of Canada. It will involve the federal and other provincial governments and a wide range of financial institutions and non-financial corporations from many key world jurisdictions. The intent is to enhance Vancouver's profile as an emerging international financial centre and further develop links between the Vancouver business community and prominent participants in a variety of financial centres.

COMMUNICATIONS BRANCH

Communications Branch is made up of three staff who report to the deputy minister of Finance and Corporate Relations.

Together their responsibilities are to:

- provide advice and suggestions to the minister, deputy minister and other officials about communications activities of the ministry and the public relations issues it faces;
- develop communication plans to support efforts to inform various publics about emerging issues or existing policies or programs;
- write news releases, pamphlets, letters, speeches, reports and scripts;
- plan news conferences, seminars, public meetings and other special events;
- develop and maintain media relations to ensure positive presentation of ministry programs; and,
- coordinate writing, editing, designing, printing and distribution of ministry publications.

The branch works with all ministry divisions to develop public information programs, financial and annual reports, provincial budget documents, brochures, information kits and news releases.

Ministry publications are listed in Appendix II.

Budget Open Houses

Communications Branch plays a major role in explaining the provincial budget to British Columbians.

One way the branch carried out this role in 1987/88 was to organize budget-day open houses in nine areas of the province. This was the first time detailed budget information was made so readily available in smaller communities in British Columbia.

At the same time as the Minister of Finance and Corporate Relations rose in the Legislature to present the province's budget, government agents in Kamloops, Kelowna, Prince George, Chilliwack, Nelson, Dawson Creek, Terrace, Smithers and Prince Rupert made comprehensive information packages available.

Business, government and media representatives were invited to view the speech live over cable television and to receive an information kit containing the budget speech, news releases and related background information.

SECURITIES COMMISSION

The British Columbia Securities Commission is a statutory body reporting to the Minister of Finance and Corporate Relations.

Its function is to:

- promote the growth and development of British Columbia's securities industry consistent with the government's economic objectives;
- protect investors from fraud, misconduct or manipulation in the securities market;
- ensure investors have timely and reliable information to help them make informed investment decisions;
- maintain standards of fair conduct in dealings with and among participants in the securities market;
- develop and maintain securities policies, regulations and legislation, and participate with other provincial securities administrators in their uniform development; and,
- ensure that policies and operations of the Vancouver Stock Exchange are consistent with the goals of the commission and provide an open and efficient public market for listed shares.

Office of the Chairman

- manages the commission's quasi-judicial, policy-making and administrative functions; and,
- advises the Minister of Finance and Corporate Relations on securities legislation and related matters.

Superintendent of Brokers

- reviews financing documents for full disclosure and suitability of the security for public investment;
- registers all industry participants to ensure required level of competence and financial stability;
- determines which issuers may raise capital through an offering of securities and which persons may act as dealers or advisers in British Columbia;
- enforces compliance with the *Securities Act* and Regulation; and,
- develops and recommends new securities policies, regulations and legislation.

Deputy Superintendent of Brokers

- provides administrative and financial management to the commission;
- develops and implements information systems strategies and plans to support commission objectives; and,
- assists the superintendent in the review of prospectuses and other disclosure documents and the exemption of certain participants from prospectus and registration requirements.

Policy and Legislation

- provides policy advice to the chairman and superintendent; and,
- prepares legislation, regulations, policy discussion papers and policy statements.

Corporate Finance

- reviews prospectuses and other disclosure documents to ensure compliance with various laws, policies and notices of the Securities Commission and applies the test of full, true and plain disclosure; and,
- recommends to the superintendent the authorization of distributions under prospectuses, statements of material facts and rights offerings.

Compliance

- monitors securities industry and market activity to enforce compliance with the *Securities Act* and Regulation;
- undertakes investigations and other enforcement activities under the *Securities Act*, both directly and in conjunction with other regulatory and enforcement bodies; and,
- prepares evidence and background material for hearings before the Securities Commission and Superintendent of Brokers.

Exemptions and Orders

- processes all applications for exemption from particular registration, disclosure, reporting and filing requirements under the *Securities Act* and Regulation.

Registration and Statutory Filings

- processes all applications for granting, renewing, reinstating or amending registration of firms and individuals engaged in trading under the *Securities Act* and the *Commodity Contract Act*;
- ensures each reporting company files continuous, up-to-date and accurate reports of its operations, including:
  - audited annual and unaudited interim financial statements;
  - quarterly reports (required from development companies listed on the Vancouver Stock Exchange);
  - insider trading reports;
  - information circulars and other material distributed to shareholders; and,
  - reports of material changes in affairs.

Information and Records

- maintains public records on issuers and registrants under the *Securities Act* and *Commodity Contract Act*;
- provides commission publications and information to the public;
- provides library services to the commission; and,
- maintains all paper and electronic filing and distribution systems.

Central Services

- provides financial, administrative, personnel, stenographic and facilities management services to the commission.

ACTIVITY MEASURES

ACTIVITY	1986/87[1]	1987/88	COMMENTS
Registration/licences issued[2]			
• Securities Act	1,92	3,067[3]	The number of registrants under the Securities Act increased significantly in 1987/88 over previous years, reflecting dramatic growth in securities market activity.
• Commodity Contract Act	16	307[3]	
• Investment Contract Act	3	3	
• Real Estate Contract Act	3,12	13,887[3]	
• Insurance Act	4,29	10,988[3]	
• Mortgage Brokers Act	12	340[3]	
Registration/licences[2] (as at March 31, 1988)			
• Securities Act	4,26	4,757	October 1987 saw a major adjustment in the market and by March 31, 1988 the total number of registrants was returning to historical levels.
• Commodity Contract Act	32	356	
• Investment Contract Act	3	1	
• Real Estate Act	12,35	12,920	
• Insurance Act	10,52	10,975	
• Mortgage Brokers Act	47	428	
Suspensions/cancellations[2]			
• Securities Act	0	3	The Securities Commission operated with 60 full-time equivalents during 1986/87 and 72 full-time equivalents during 1987/88.
• Commodity Contract Act	0	0	
• Investment Contract Act	0	2	
• Real Estate Act	3	0	
• Insurance Act	7	0	
• Mortgage Brokers Act	0	0	
Vettings and filings			
• Prospectuses accepted	75	862	
• Statements of material fact accepted	15	145	
Rulings and orders			
• Securities Act	3,31	1,243[4]	
Hearings			
• Before the commission or the superintendent	1	20	

1. Covers period from January 1, 1986 to March 31, 1987.
2. The commission processes all applications for registration of firms and individuals engaged in the sale of securities under the *Securities Act*, the *Commodity Contract Act* and the *Investment Contract Act*. The commission provides a registration and maintenance service for the ministry's Corporate Relations Division under the *Insurance Act*, the *Mortage Brokers Act* and the *Real Estate Act*.
3. Increases also reflect a two year renewal priod.
4. The new *Securities Act* was proclaimed February 1, 1987 and provides statutory exemptions by right for many distributions of securities which, in previous years, required formal rulings and orders from the Superintendent of Brokers.

Reorganization of the British Columbia Securities Commission

With proclamation of the new *Securities Act* in February 1987, the former office of the Superintendent of Brokers was amalgamated with the British Columbia Securities Commission. The British Columbia Securities Commission was subsequently restructured in July 1987.

The commission now has seven branches with clear reporting lines and responsibilities: Policy and Legislation; Corporate Finance; Compliance; Exemptions and Orders; Registration and Statutory Filings; Information and Records; and, Central Services.

The revised structure brings responsibility for all policy, enforcement, administrative and quasi-judicial activities related to securities regulation in British Columbia within one organization.

New staff have been recruited to process prospectuses and to expand expertise available to deal with increasingly complex securities matters. They also monitor industry and market activity and enforce compliance with the *Securities Act* and Regulations.

Improved Prospectus Vetting Procedures

In October 1987, new prospectus vetting procedures were introduced by the commission. These procedures are designed to significantly reduce the turn-around time for issuing initial deficiency letters on prospectuses.

A "three-track" system has been adopted to ensure well prepared submissions are not backed-up behind poorly prepared ones. Under the system, all incoming prospectuses are checked for completeness and then are assigned to one of three "tracks".

The fast track is for prospectuses which comply with applicable law and policies and appear to contain full, true and plain disclosure of all material facts.

The center track is for prospectuses which require more in-depth examination. Further analysis is often required for novel or unusually complex offerings or when there is a departure from applicable policies for reasons peculiar to the particular offering.

The third, or "circular track" is for prospectuses which will be returned to the issuer. These fail to meet minimum standards required to initiate formal vetting, or because sufficient due diligence[1] has not been conducted.

Policy and Legislation

Increased policy work resulted from proclamation of the new *Securities Act*. To accomplish this and other tasks the policy and legislation branch was established.

Development of a regulatory framework to prepare for the entry of non-resident and

1. Due diligence is a process that must be carried out by underwriters and agents who are handling the distribution of a new security. They are required to make certain inquiries regarding the issuer of the security and must sign its prospectus.

non-securities industry participants in British Columbia's securities industry was a major undertaking for the new branch. New rules have been developed to govern self-dealing[2] activities, conflicts of interest and retailing of financial services. After extensive consultation with the industry, potential entrants and other provinces, the Securities Commission is finalizing its regulations.

Considerable effort has also been devoted to redrafting regulations dealing with exemptions from prospectus requirements. The revised regulatory provisions, which are close to being finalized, will simplify and clarify the basis for exempt securities distributions.

Compliance

During August and September 1987, a compliance branch was established within the commission to coordinate investigations, preparation of hearings and other enforcement action under the *Securities Act*.

In December 1987, the responsibility for securities investigations was transferred from the corporate investigations branch of the Corporate Relations Division to the Securities Commission. The compliance branch is now composed of 13 full-time professionals.

A major accomplishment for the branch was signing a Memorandum of Understanding with Ontario, Quebec and the United States in January 1988 to assist in administering and enforcing American and Canadian securities law through sharing of information. Under this agreement, the commission can obtain information from files of the United States Securities and Exchange Commission and obtain documents and take evidence from persons in the United States.

The Memorandum of Understanding with the United States Securities and Exchange Commission will improve the British Columbia Securities Commission's monitoring of activities in securities markets beyond provincial borders. It will also improve the commission's ability to gather information to assist in investigations, litigations and prosecutions under the *Securities Act*.

2. Self-dealing is the term applied when transactions occur between related parties..

STATUTES ADMINISTERED

Administration and Support Services
- Assessment Authority Act

Deputy Minister
- Auditor General Act

Corporate Relations
- Book Accounts Assignment Act
- Chattel Mortgage Act
- Commercial Appeals Commission Act
- Commodity Contract Act
- Company Act, except s. 348
- Company Clauses Act
- Condominium Act, except all matters affecting the powers and duties of the Registrar of Titles
- Cooperative Association Act
- Credit Union Act
- Creditor Assistance Act
- International Financial Business Act
- International Financial Business (Tax Refund) Act
- Insurance Act
- Insurance (Captive Company) Act
- Insurance (Marine) Act
- Mobile Home Act
- Mortgage Brokers Act
- Mutual Fire Insurance Brokers Act
- Partnership Act
- Real Estate Act
- Repairers Lien Act
- Sale of Goods on Condition Act
- Savings and Loan Associations Act
- Savings and Trust Corporation of British Columbia Act
- Securities Act, except s. 142
- Securities (Forged Transfer) Act
- Society Act
- Trust Company Act
- Vancouver Stock Exchange Act
- Warehouse Lien Act
- Warehouse Receipt Act
- Woodworker's Lien Act

Office of the Comptroller General
- Financial Administration Act
- Financial Information Act
- Supply Act (Annual)

Provincial Treasury
- Bonding Act
- British Columbia Electric Company Limited Acquisition Act
- British Columbia Railway Finance Act
- Deficit Repayment Act
- Educational Institution Capital Finance Act
- Hospital District Finance Act
- Housing and Employment Development Financing Act
- Pacific North Coast Native Cooperative Act
- Provincial Debt Refinancing Act
- Public Service Bonding Act
- School District Capital Finance Act
- Unclaimed Money Act

Revenue
- British Columbia Payment to Canada of Federal Income Tax on Behalf of Natural Gas Producers Act
- Corporation Capital Tax Act
- Equity Investment Plan Act
- Esquimalt and Nanaimo Railway Belt Tax Act
- Horse Racing Tax Act
- Hotel Room Tax Act
- Income Tax Act
- Insurance Premium Tax Act
- Land Tax Deferment Act

- Logging Tax Act
- Mining Tax Act
- Motor Fuel Tax Act
- Property Purchase Tax Act
- Social Service Tax Act
- Softwood Lumber Products Export Charge Compensation Act
- Taxation (Rural Area) Act
- Tobacco Tax Act

Treasury Board Staff

- Assessment Act
- British Columbia Enterprise Corporation Financial Restructuring Act
- Budget Stabilization Fund Act
- Compensation Stabilization Act
- Employment Development Act
- Funds Control Act
- Industrial Development Fund Act
- Inflation Control Act
- Privatization Benefits Fund Act
- Provincial Municipal Partnership (Taxation Measures) Act
- Rate Increase Restraint Act
- Special Accounts Appropriation and Control Act
- Special Appropriations Act
- Tourist Accommodation (Assessment Relief) Act

Please note this list of statutes is current to June 30, 1988.

MINISTRY PUBLICATIONS

In 1987/88, the Ministry of Finance and Corporate Relations published the following:

Annual Publications

- Ministry of Finance and Corporate Relations Annual Report
- Budget Speech
- Estimates
- Supplement to the Estimates
- Financial and Economic Review
- Quarterly Financial Reports
- Interim Financial Statement
- Public Accounts, Volume I, II, III
- Public Accounts Digest
- Response to the Report of the Auditor General

Information Brochures

- Treasury Management Brochure
- Real Property Taxation in Rural Areas of British Columbia
- Information Bulletins (Consumer Taxation Branch)
- Appealing your Property Assessment
- The Land Tax Deferment Program and You
- Insider Reports
- Property Purchase Tax
- Budget 1988—Building on Success
- Budget 1988—Measures for Business
- Budget 1988—Education and Advanced Education—The Investment Grows